



DEPARTAMENTO DE
SALUD
HEALTH DEPARTMENT
GOVERNMENT OF PUERTO RICO
Office of the Secretary

August 16, 2011

Ms. Judith Enck
Regional Administrator
US EPA, Region II
290 Broadway
New York, New York 10007-1866

Attention: **Mr. Roch Baamonde, Chief**
Grants & Contracts Management Branch

Dear Ms. Enck:

The Department of Health accepts the terms and conditions contained in the Drinking Water Capitalization Grant Agreement No. FS99290410-0 awarded. These funds will enable us to comply with our goal of improving and increasing the infrastructure for public drinking water systems, and providing assistance to various public water systems in order to provide safe drinking water. These funds are committed to the Puerto Rico Aqueduct and Sewer Authority through a loan to be executed during this year in order to provide finance for several public water systems throughout the island.

Enclosed is a duly signed copy of our acceptance to the Capitalization Grant Agreement awarded. This Department will pay special attention to the compliance of all the terms and conditions listed in the document. In addition, we will advise PRASA not to use any of the funds under this grant to support projects and/or any other PRASA facilities that were debarred on April 19, 2007.

Once again we appreciate all the assistance and support that EPA's staff has provided to this Department since the establishment of the DWSRF.

Cordially,


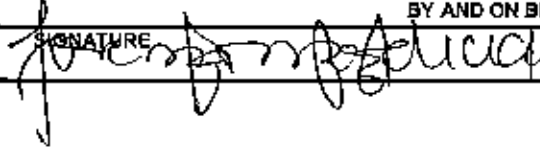


LORENZO GONZÁLEZ FELICIANO, MD

Enclosures

cc: Mr. Steve Vida, US EPA- Region II; Eng. Carl Soderberg, EPA, CEPD; Eng. Alex Rivera, EPA, CEPD; Eng. José Ortiz, PRASA
Eng. Humberto Marrero Recio, PRIFA; Mr. Juan Carlos Balle, GDB; Mr. Jesús García, PRIFA/GDB; Mr. Carlos Collazo,
PRIFA/GDB; Mrs. Yanira Martínez, PRDOH; Mrs. Mayra Toro, PRDOH; Eng. Javier O. Torres, PRDOH; Mrs. Eva Hernández,
DWSRF

EH/ajm/My Documents/Eva Documentos/Grants/2010/Accept Grant FY 2010

	U.S. ENVIRONMENTAL PROTECTION AGENCY Grant Agreement		ASSISTANCE ID NO.		DATE OF AWARD 08/03/2011	
			PRG	DOC ID		AMEND#
			FS - 99290410 - 0			
			TYPE OF ACTION New			
RECIPIENT TYPE: State		Send Payment Request to: EPA Las Vegas Finance Center				
RECIPIENT:		PAYEE:				
Puerto Rico Department of Health Call Box 70184 San Juan, PR 00936 EIN: 66-0437470		Puerto Rico Department of Health Call Box 701814 San Juan, PR 00936				
PROJECT MANAGER		EPA PROJECT OFFICER		EPA GRANT SPECIALIST		
Eva T. Hernandez-Martinez Call Box 70184 San Juan, PR 00936 E-Mail: evahernandez@salud.gov.pr Phone: 787-777-0150		Alex Rivera Centro Europa Building 1492 Ponce de Leon Ave., Suite 417, CEPD/MWPB San Juan, PR 00907-4127 E-Mail: rrivera.alex@epa.gov Phone: 787-977-5845		Yvette MarCardona Grants and Contracts Mgt Branch, OPM/GCMB E-Mail: MarCardona.Yvette@epamail.epa.gov Phone: 212-637-3409		
PROJECT TITLE AND DESCRIPTION FFY2010 DWSRF Capitalization Grant This grant is to continue the capitalization of the Commonwealth of Puerto Rico Drinking Water State Revolving Fund program, which provides a long-term source of financing for the construction of infrastructure projects and for the administration of a range of activities including small community technical assistance, source water protection, capacity development, and operator certification. These practices will protect human health by reducing exposure to contaminants in drinking water, in fish and shellfish, and in recreational waters.						
BUDGET PERIOD 10/01/2011 - 09/30/2018		PROJECT PERIOD 10/01/2011 - 09/30/2018		TOTAL BUDGET PERIOD COST \$16,287,600.00	TOTAL PROJECT PERIOD COST. \$16,287,600.00	
NOTICE OF AWARD Based on your application dated 05/24/2011, including all modifications and amendments, the United States acting by and through the US Environmental Protection Agency (EPA), hereby awards \$13,573,000. EPA agrees to cost-share 83.33% of all approved budget period costs incurred, up to and not exceeding total federal funding of \$13,573,000. Such award may be terminated by EPA without further cause if the recipient fails to provide timely affirmation of the award by signing under the Affirmation of Award section and returning all pages of this agreement to the Grants Management Office listed below within 21 days after receipt, or any extension of time, as may be granted by EPA. This agreement is subject to applicable EPA statutory provisions. The applicable regulatory provisions are 40 CFR Chapter 1, Subchapter B, and all terms and conditions of this agreement and any attachments.						
ISSUING OFFICE (GRANTS MANAGEMENT OFFICE)			AWARD APPROVAL OFFICE			
ORGANIZATION / ADDRESS			ORGANIZATION / ADDRESS			
Grants and Contracts Management Branch 290 Broadway, 27th Floor New York, NY 10007-1866			U.S. EPA, Region 2 Caribbean Environmental Protection Division Central Europa Building 1492 Ponce de Leon Ave., Suite 417 San Juan, PR 00907-4127			
THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY						
SIGNATURE OF AWARD OFFICIAL		TYPED NAME AND TITLE		DATE		
Digital signature applied by EPA Award Official		Donna J. Velez, Assistant Regional Administrator for Policy and Management		08/03/2011		
AFFIRMATION OF AWARD						
BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION						
SIGNATURE		TYPED NAME AND TITLE		DATE		
		Lorenzo Gonzalez Feliciano, MD, Secretary of P.R. Department of Health		30 AUG 2011		

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FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
EPA Amount This Action	\$	\$ 13,573,000	\$ 13,573,000
EPA In-Kind Amount	\$	\$	\$ 0
Unexpended Prior Year Balance	\$	\$	\$ 0
Other Federal Funds	\$	\$	\$ 0
Recipient Contribution	\$	\$	\$ 0
State Contribution	\$	\$ 2,714,600	\$ 2,714,600
Local Contribution	\$	\$	\$ 0
Other Contribution	\$	\$	\$ 0
Allowable Project Cost	\$ 0	\$ 16,287,600	\$ 16,287,600

Assistance Program (CFDA)	Statutory Authority	Regulatory Authority
66.468 - Safe Drinking Water State Revolving Fund	Safe Drinking Water Act: Sec. 130 Amended 1996 (PL 104-182)	40 CFR PTS 31 & 35 SUBPT L

Fiscal									
Site Name	Req No	FY	Approp. Code	Budget Organization	PRC	Object Class	Site/Project	Cost Organization	Obligation / Obligation
PROJECTS	1102HE0267	11	E3C	023	201B81E	4109	10DA		12,758,620
ADMIN	1102HE0267	11	E3C	023	201B81E	4109	10DD		542,920
TECHNICAL	1102HE0267	11	E3C	023	201B81E	4109	10DE		271,460
									13,573,000

Budget Summary Page

Table A - Object Class Category (Non-construction)	Total Approved Allowable Budget Period Cost
1. Personnel	\$403,476
2. Fringe Benefits	\$60,281
3. Travel	\$1,400
4. Equipment	\$0
5. Supplies	\$0
6. Contractual	\$301,292
7. Construction	\$0
8. Other	\$15,476,220
9. Total Direct Charges	\$16,262,669
10. Indirect Costs: % Base	\$24,931
11. Total (Share: Recipient 16.67 % Federal 83.33 %)	\$16,287,600
12. Total Approved Assistance Amount	\$13,573,000
13. Program Income	\$0
14. Total EPA Amount Awarded This Action	\$13,573,000
15. Total EPA Amount Awarded To Date	\$13,573,000

Administrative Conditions

1. UTILIZATION OF SMALL, MINORITY AND WOMEN'S BUSINESS ENTERPRISES

o GENERAL COMPLIANCE, 40 CFR, Part 33

The recipient agrees to comply with the requirements of EPA's Program for Utilization of Small, Minority and Women's Business Enterprises in procurement under assistance agreements, contained in 40 CFR, Part 33.

o FAIR SHARE OBJECTIVES, 40 CFR, Part 33, Subpart D

Pursuant to 40 CFR, Section 33.412, Tribal and Insular Area recipients are not required to negotiate a fair share goal until 3 years from the effective date of the DBE Rule. After that 3-year phase-in period has expired, Tribal and Insular Area recipients are required to adhere to the full requirements of 40 CFR, Part 33, Subpart D, as applicable.

o SIX GOOD FAITH EFFORTS, 40 CFR, Part 33, Subpart C

Pursuant to 40 CFR, Section 33.301, the recipient agrees to make the following good faith efforts whenever procuring construction, equipment, services and supplies under an EPA financial assistance agreement, and to ensure that sub-recipients, loan recipients, and prime contractors also comply. Records documenting compliance with the six good faith efforts shall be retained.

(a) Ensure DBEs are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local and Government recipients, this will include placing DBEs on solicitation lists and soliciting them whenever they are potential sources.

(b) Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.

(c) Consider in the contracting process whether firms competing for large contracts could subcontract with DBEs. For Indian Tribal, State and local Government recipients, this will include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.

(d) Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.

(e) Use the services and assistance of the SBA and the Minority Business Development Agency of the Department of Commerce.

(f) If the prime contractor awards subcontracts, require the prime contractor to take the steps in paragraphs (a) through (e) of this section.

o MBE/WBE REPORTING, 40 CFR, Part 33, Sections 33.502 and 33.503

The recipient agrees to complete and submit EPA Form 5700-52A, "MBE/WBE Utilization Under Federal Grants, Cooperative Agreements and Interagency Agreements" beginning with the Federal fiscal year reporting period the recipient receives the award, and continuing until the project is completed. Only procurements with certified MBE/WBEs are counted toward a recipient's MBE/WBE accomplishments.

The reports must be submitted **semiannually** for the periods ending March 31st and September 30th

for:

Recipients of financial assistance agreements that capitalize revolving loan programs (CWSRF, DWSRF, Brownfields); and All other recipients not identified as annual reporters (40 CFR Part 30 and 40 CFR Part 35, Subpart A and Subpart B recipients are annual reporters).

The reports are due within 30 days of the end of the semiannual reporting periods (April 30th and October 30th). Reports should be sent to Michele Junker, the Region 2 DBE Coordinator. Final MBE/WBE reports must be submitted within 90 days after the project period of the grant ends. Your grant cannot be officially closed without all MBE/WBE reports.

EPA Form 5700-52A may be obtained from the EPA Office of Small Business Program's Home Page on the Internet at <http://www.epa.gov/osbp/grants.htm>.

o **CONTRACT ADMINISTRATION PROVISIONS, 40 CFR, Section 33.302**

The recipient agrees to comply with the contract administration provisions of 40 CFR, Section 33.302.

o **BIDDERS LIST, 40 CFR, Section 33.501(b) and (c)**

Recipients of a Continuing Environmental Program Grant or other annual reporting grant, agree to create and maintain a bidders list. Recipients of an EPA financial assistance agreement to capitalize a revolving loan fund also agree to require entities receiving identified loans to create and maintain a bidders list if the recipient of the loan is subject to, or chooses to follow, competitive bidding requirements. Please see 40 CFR, Section 33.501 (b) and (c) for specific requirements and exemptions.

2. FEDERAL FINANCIAL REPORTS/GRANT CLOSEOUT

A) Interim Federal Financial Reports (FFRs)

Pursuant to 40 CFR 31.41(b) and 31.50(b), EPA recipients shall submit an interim annual Federal Financial Report (SF-425) to EPA no later than 90 calendar days following each anniversary of the start date of the agreement.

B) Final Federal Financial Report

At the end of the project, the recipient must submit a final Federal Financial Report to EPA no later than 90 calendar days after the end of the project period. The form is available on the internet at <http://www.epa.gov/ocfo/financeservices/forms.htm>. All FFRs must be submitted to the Las Vegas Finance Center:

U.S. Environmental Protection Agency
Las Vegas Finance Center
PO Box 98615
Las Vegas, NV 89119

or by Fax to: 702-798-2423.

The LVFC will make adjustments, as necessary, to obligated funds after reviewing and accepting a final Federal Financial Report. Recipients will be notified and instructed by EPA if they must complete any additional forms for the closeout of the assistance agreement.

EPA may take enforcement actions in accordance with 40 CFR 31.43 if the recipient does not comply with this term and condition.

C) Closeout

The Administrative Closeout Phase for this grant will be initiated with the submission of a "final" FFR.

At that time, the recipient must submit the following forms/reports to the EPA Region 2 Grants and Contracts Management Branch, if applicable:

- Federally Owned Property Report
- An Inventory of all Property Acquired with federal funds
- Contractor's or Grantee's Invention Disclosure Report (EPA Form 3340-3)

Additionally, the recipient's Final Request for Payment should be submitted to the LVFC.

3. HOTEL-MOTEL FIRE SAFETY

Pursuant to 40 CFR 30.18, if applicable, and 15 USC 2225a, the recipient agrees to ensure that all space for conferences, meetings, conventions, or training seminars funded in whole or in part with federal funds complies with the protection and control guidelines of the Hotel and Motel Fire Safety Act (PL 101-391, as amended). Recipients may search the Hotel-Motel National Master List at <http://www.usfa.dhs.gov/applications/hotel/> to see if a property is in compliance (FEMA ID is currently not required), or to find other information about the Act.

4. MANAGEMENT FEES

Management fees or similar charges in excess of the direct costs and approved indirect rates are not allowable. The term "management fees or similar charges" refers to expenses added to the direct costs in order to accumulate and reserve funds for ongoing business expenses, unforeseen liabilities, or for other similar costs which are not allowable under this assistance agreement. Management fees or similar charges may not be used to improve or expand the project funded under this agreement, except to the extent authorized as a direct cost of carrying out the scope of work.

5. EXTENSION OF PROJECT/BUDGET PERIOD EXPIRATION DATE

If a no cost time extension is necessary to extend the period of availability of funds (budget period), the recipient must submit a written request, including a justification as to why additional time is needed and an estimated date of completion to the EPA prior to the budget/project period expiration dates. The extension request should be submitted to the EPA, Grants and Contracts Management Branch using one of the following options: email to Region2_GrantApplicationBox@epa.gov, fax to 212-637-3518 or sent to us in the mail at U.S. EPA - Region 2, 290 Broadway, 27th Floor, New York, NY 10007. An Interim FFR (SF-425) covering all expenditures and obligations to date, must also be faxed to the Las Vegas Finance Office at 702-798-2423 or sent to the address below. To expedite processing of your request, please submit a courtesy copy of the Interim FFR to the Grants and Contracts Management Branch along with your extension request. All email attachments must be sent in pdf format. Documents emailed to us in any other format cannot and will not be accepted.

U.S. Environmental Protection Agency
Las Vegas Finance Center
PO Box 98515
Las Vegas, NV 89119

6. RECYCLING AND WASTE PREVENTION

In accordance with the policies set forth in EPA Order 1000.25 and Executive Order 13423, Strengthening Federal Environmental, Energy and Transportation Management (January 24, 2007) and/or 40 CFR 30.16, the recipient agrees to use recycled paper and double sided printing for all reports which are prepared as a part of this agreement and delivered to EPA. This requirement does not apply to reports prepared on forms supplied by EPA, or to Standard Forms, which are printed on recycled paper and are available through the General Services Administration.

STATE AGENCIES AND POLITICAL SUBDIVISIONS:

In accordance with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962) any State agency or agency of a political subdivision of a State which is using appropriated Federal funds shall comply with the requirements set forth. Regulations issued under

RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds \$10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was \$10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

7. SINGLE AUDITS

In accordance with OMB Circular A-133, which implements the Single Audit Act, the recipient hereby agrees to obtain a single audit from an independent auditor, if it expends \$500,000 or more in total Federal funds in any fiscal year. Within nine months after the end of a recipient's fiscal year or 30 days after receiving the report from the auditor, the recipient shall submit the SF-SAC and a Single Audit Report Package. The recipient **MUST** submit the SF-SAC and a Single Audit Report Package using the Federal Audit Clearinghouse's Internet Data Entry System. Complete information on how to accomplish the single audit submissions, you will need to visit the Federal Audit Clearinghouse Web site: <http://haryester.census.gov/fac/>

8. SUBAWARD POLICY

a. The recipient agrees to:

- (1) Establish all subaward agreements in writing;
- (2) Maintain primary responsibility for ensuring successful completion of the EPA-approved project (this responsibility cannot be delegated or transferred to a subrecipient);
- (3) Ensure that any subawards comply with the standards in Section 210(a)-(d) of OMB Circular A-133 and are not used to acquire commercial goods or services for the recipient;
- (4) Ensure that any subawards are awarded to eligible subrecipients and that proposed subaward costs are necessary, reasonable, and allocable;
- (5) Ensure that any subawards to 501(c)(4) organizations do not involve lobbying activities;
- (6) Monitor the performance of their recipients and ensure that they comply with all applicable regulations, statutes, and terms and conditions which flow down in the subaward;
- (7) Obtain EPA's consent before making a subaward to a foreign or international organization, or a subaward to be performed in a foreign country; and
- (8) Obtain approval from EPA for any new subaward work that is not outlined in the approved work plan in accordance with 40 CFR Parts 30.25 and 31.30, as applicable.

b. Any questions about subrecipient eligibility or other issues pertaining to subawards should be addressed to the recipient's EPA Project Officer. Additional information regarding subawards may be found at <http://www.epa.gov/ogd/guide/subaward-policy-part-2.pdf>. Guidance for distinguishing between vendor and subrecipient relationships and ensuring compliance with Section 210(a)-(d) of OMB Circular A-133 can be found at <http://www.epa.gov/ogd/guide/subawards-appendix-b.pdf> and <http://www.whitehouse.gov/omb/circulars/a133/a133.html>.

c. The recipient is responsible for selecting its subrecipients and, if applicable, for conducting subaward competitions.

9. SUSPENSION AND DEBARMENT

Recipient shall fully comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled "Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons)." Recipient is responsible for ensuring that any lower tier covered transaction as described in Subpart B of 2 CFR Part 180 and 2 CFR Part 1532, entitled "Covered Transactions," includes a term or condition requiring compliance with Subpart C. Recipient is responsible for further requiring the inclusion of a similar term or condition in any subsequent lower tier covered transactions. Recipient acknowledges that failing to disclose the information as required at 2 CFR 180.335 may result in the delay or negation of this assistance agreement, or pursuance of legal remedies, including suspension

and debarment.

Recipient may access the Excluded Parties List System at www.epls.gov. This term and condition supersedes EPA Form 5700-49, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters."

10. DRUG-FREE WORKPLACE CERTIFICATION

The recipient organization of this EPA assistance agreement must make an ongoing, good faith effort to maintain a drug-free workplace pursuant to the specific requirements set forth in Title 40 CFR 36.200 - 36.230. Additionally, in accordance with these regulations, the recipient organization must identify all known workplaces under its federal awards, and keep this information on file during the performance of the award.

Those recipients who are individuals must comply with the drug-free provisions set forth in Title 40 CFR 36.300.

The consequences for violating this condition are detailed under Title 40 CFR 36.510. Recipients can access the Code of Federal Regulations (CFR) Title 40 Part 36 at http://www.access.gpo.gov/nara/cfr/waisidx_06/40cfr36_06.html

11. REIMBURSEMENT LIMITATION

EPA's financial obligations to the recipient are limited by the amount of federal funding awarded to date as shown on line 15 in its EPA approved budget. If the recipient incurs costs in anticipation of receiving additional funds from EPA, it does so at its own risk.

12. LOBBYING AND LITIGATION

The chief executive officer of this recipient agency shall ensure that no grant funds awarded under this assistance agreement are used to engage in lobbying of the Federal Government or in litigation against the United States unless authorized under existing law. The recipient shall abide by its respective OMB Circular (A-21, A-87, or A-122), which prohibits the use of federal grant funds for litigation against the United States or for lobbying or other political activities.

RESTRICTIONS ON LOBBYING

The recipient agrees to comply with Title 40 CFR Part 34, *New Restrictions on Lobbying*. The recipient shall include the language of this provision in award documents for all subawards exceeding \$100,000, and require that subrecipients submit certification and disclosure forms accordingly.

In accordance with the Byrd Anti-Lobbying Amendment, any recipient who makes a prohibited expenditure under Title 40 CFR Part 34 or fails to file the required certification or lobbying forms shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such expenditure.

13. ASSOCIATION OF COMMUNITY ORGANIZATIONS FOR REFORM NOW (ACORN)

Congress has prohibited EPA from using its FY 2011 appropriations to provide funds to the Association of Community Organizations for Reform Now (ACORN) or any of its subsidiaries. None of the funds provided under this agreement may be used for subawards/subgrants or contracts to ACORN or its subsidiaries. Recipients should direct any questions about this prohibition to their EPA Grants Management Office.

14. DUNS AND CCR REQUIREMENTS

Central Contractor Registration and Universal Identifier Requirements.

A. Requirement for Central Contractor Registration (CCR). Unless you are exempted from this requirement under 2 CFR 25.110, you as the recipient must maintain the currency of your information in the CCR until you submit the final financial report required under this award or receive the final payment, whichever is later. This requires that you review and

update the information at least annually after the initial registration, and more frequently if required by changes in your information or another award term.

B. Requirement for Data Universal Numbering System (DUNS) numbers. If you are authorized to make subawards under this award, you:

1. Must notify potential subrecipients that no entity (see definition in paragraph C of this award term) may receive a subaward from you unless the entity has provided its DUNS number to you.
2. May not make a subaward to an entity unless the entity has provided its DUNS number to you.

C. Definitions. For purposes of this award term:

1. **Central Contractor Registration (CCR)** means the Federal repository into which an entity must provide information required for the conduct of business as a recipient. Additional information about registration procedures may be found at the CCR Internet site (currently at <http://www.ccr.gov>).

2. **Data Universal Numbering System (DUNS) number** means the nine-digit number established and assigned by Dun and Bradstreet, Inc. (D&B) to uniquely identify business entities. A DUNS number may be obtained from D&B by telephone (currently 866-705-5711) or the Internet (currently at <http://fedgov.dnb.com/webform>).

3. **Entity**, as it is used in this award term, means all of the following, as defined at 2 CFR part 25, subpart C:

- a. A Governmental organization, which is a State, local government, or Indian tribe;
- b. A foreign public entity;
- c. A domestic or foreign nonprofit organization;
- d. A domestic or foreign for-profit organization; and
- e. A Federal agency, but only as a subrecipient under an award or subaward to a non-Federal entity.

4. Subaward:

a. This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you

as the recipient award to an eligible subrecipient.

b. The term does not include your procurement of property and services needed to carry out the project or program (for further explanation, see Sec. --.210 of the attachment to

OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations").

c. A subaward may be provided through any legal agreement, including an agreement that you consider a contract.

5. Subrecipient means an entity that:

- a. Receives a subaward from you under this award; and
- b. Is accountable to you for the use of the Federal funds provided by the subaward.

15. SUBAWARD REPORTING AND COMPENSATION

I. Reporting Subawards and Executive Compensation.

a. Reporting of first-tier subawards.

1. Applicability. Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) for a subaward to an entity (see definitions in paragraph e of this award term).
2. Where and when to report.
 - i. You must report each obligating action described in paragraph a.1. of this award term to www.fsrs.gov.
 - ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)
3. What to report. You must report the information about each obligating action that the submission instructions posted at www.fsrs.gov specify.

b. Reporting Total Compensation of Recipient Executives.

1. Applicability and what to report. You must report total compensation for each of your five most highly compensated executives for the preceding completed fiscal year, if –
 - i. the total Federal funding authorized to date under this award is \$25,000 or more;
 - ii. In the preceding fiscal year, you received—
 - (A) 80 percent or more of your annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and
 - (B) \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and
 - iii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.)
2. Where and when to report. You must report executive total compensation described in paragraph b.1. of this award term:

- I. As part of your registration profile at www.ccr.gov.
- II. By the end of the month following the month in which this award is made, and annually thereafter.

c. Reporting of Total Compensation of Subrecipient Executives.

1. Applicability and what to report. Unless you are exempt as provided in paragraph d. of this award term, for each first-tier subrecipient under this award, you shall report the names and total compensation of each of the subrecipient's five most highly compensated executives for the subrecipient's preceding completed fiscal year, if --
 - i. in the subrecipient's preceding fiscal year, the subrecipient received—
 - (A) 80 percent or more of its annual gross revenues from Federal procurement

contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and,

(B) \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts), and Federal financial assistance subject to the Transparency Act (and subawards); and

ii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/excomp.htm>.)

2. **Where and when to report.** You must report subrecipient executive total compensation described in paragraph c.1. of this award term:

i. To the recipient.

ii. By the end of the month following the month during which you make the subaward. For example, if a subaward is obligated on any date during the month of October of a given year (i.e., between October 1 and 31), you must report any required compensation information of the subrecipient by November 30 of that year.

d. **Exemptions**

1. If, in the previous tax year, you had gross income, from all sources, under \$300,000, you are exempt from the requirements to report:

i. Subawards, and

ii. The total compensation of the five most highly compensated executives of any subrecipient

e. **Definitions.** For purposes of this award term:

1. **Entity** means all of the following, as defined in 2 CFR part 25:

- i. A Governmental organization, which is a State, local government; or Indian tribe;
- ii. A foreign public entity;
- iii. A domestic or foreign nonprofit organization;
- iv. A domestic or foreign for-profit organization;
- v. A Federal agency, but only as a subrecipient under an award or subaward to a non-Federal entity.

2. **Executive** means officers, managing partners, or any other employees in management positions.

3. **Subaward:**

- i. This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you as the recipient award to an eligible subrecipient.
- ii. The term does not include your procurement of property and services needed to carry out the project or program (for further explanation, see Sec. --.210 of the attachment to OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations").
- iii. A subaward may be provided through any legal agreement, including an agreement that you or a subrecipient considers a contract.

4. **Subrecipient** means an entity that:

- i. Receives a subaward from you (the recipient) under this award; and
- ii. Is accountable to you for the use of the Federal funds provided by the subaward.

5. Total compensation means the cash and noncash dollar value earned by the executive during the recipient's or subrecipient's preceding fiscal year and includes the following (for more information see 17 CFR 229.402(c)(2)):

- i. *Salary and bonus* .
- ii. *Awards of stock, stock options, and stock appreciation rights* . Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R), Shared Based Payments.
- iii. *Earnings for services under non-equity incentive plans* . This does not include group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executives, and are available generally to all salaried employees.
- iv. *Change in pension value*. This is the change in present value of defined benefit and actuarial pension plans.
- v. *Above-market earnings on deferred compensation which is not tax-qualified* .
- vi. Other compensation, if the aggregate value of all such other compensation (e.g. severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the executive exceeds \$10,000.

16. TRAFFICKING IN PERSONS

a. Provisions applicable to a recipient that is a private entity .

- 1. You as the recipient, your employees, subrecipients under this award, and subrecipients' employees may not—
 - i. Engage in severe forms of trafficking in persons during the period of time that the award is in effect;
 - ii. Procure a commercial sex act during the period of time that the award is in effect; or
 - iii. Use forced labor in the performance of the award or subawards under the award.
- 2. We as the Federal awarding agency may unilaterally terminate this award, without penalty, if you or a subrecipient that is a private entity —
 - i. Is determined to have violated a prohibition in paragraph a.1 of this award term; or
 - ii. Has an employee who is determined by the agency official authorized to terminate the award to have violated a prohibition in paragraph a.1 of this award term through conduct that is either—
 - A. Associated with performance under this award; or
 - B. Imputed to you or the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR part 180, "OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement)," as implemented by our Agency at 2 CFR 1532.

b. Provision applicable to a recipient other than a private entity . We as the Federal awarding agency may unilaterally terminate this award, without penalty, if a subrecipient that is a private entity—

- 1. Is determined to have violated an applicable prohibition in paragraph a.1 of this award term; or
- 2. Has an employee who is determined by the agency official authorized to terminate the award to have violated an applicable prohibition in paragraph a.1 of this award term through conduct that is either—
 - i. Associated with performance under this award; or
 - ii. Imputed to the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR part 180, "OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement)," as implemented by our agency at 2 CFR 1532

c. Provisions applicable to any recipient .

- 1. You must inform us immediately of any information you receive from any source alleging a violation of a prohibition in paragraph a.1 of this award term.

2. Our right to terminate unilaterally that is described in paragraph a.2 or b of this section:
 - i. Implements section 106(g) of the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. 7104(g)), and
 - ii. Is in addition to all other remedies for noncompliance that are available to us under this award.
3. You must include the requirements of paragraph a.1 of this award term in any subaward you make to a private entity.

d. Definitions . For purposes of this award term:

1. "Employee" means either:
 - i. An individual employed by you or a subrecipient who is engaged in the performance of the project or program under this award; or
 - ii. Another person engaged in the performance of the project or program under this award and not compensated by you including, but not limited to, a volunteer or individual whose services are contributed by a third party as an in-kind contribution toward cost sharing or matching requirements.
2. "Forced labor" means labor obtained by any of the following methods: the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.
3. "Private entity":
 - i. Means any entity other than a State, local government, Indian tribe, or foreign public entity, as those terms are defined in 2 CFR 175.25.
 - ii. Includes:
 - A. A nonprofit organization, including any nonprofit institution of higher education, hospital, or tribal organization other than one included in the definition of Indian tribe at 2 CFR 175.25(b).
 - B. A for-profit organization.
4. "Severe forms of trafficking in persons," "commercial sex act," and "coercion" have the meanings given at section 103 of the TVPA, as amended (22 U.S.C. 7102).

17. ADVANCE METHOD OF PAYMENT

In accordance with EPA regulations, the recipient is authorized to receive advance payments under this agreement, provided that the recipient takes action to minimize the time elapsing between the transfer of funds from EPA and the disbursement of those funds. The recipient shall request Federal payments by completing the EPA Payment Requests Form (EPA Form 190-F-04-001) and faxing it to the Las Vegas Finance Center at 702-798-2423. This form can be found at www.epa.gov/ogd/forms/forms.htm.

18. PRASA DEBARMENT

In addition the general requirements set forth in Administrative Condition #9, Suspension and Debarment, above, specifically, PRDOH shall not use any of the funds under this grant to support projects at the following Puerto Rico Aqueduct and Sewer Authority (PRASA) Facilities, which were automatically debarred on April 19, 2007. The current list of PRASA Facilities Excluded from Federal Funding, as published August 8, 2007 in the Excluded Parties List System include:

Wastewater Facilities

1. Puerto Nuevo Wastewater Treatment Plant, State Road 2, Km 2.0, Kennedy Ave., San Juan, Puerto Rico 00916;
2. Dorado Wastewater Treatment Plant, State Road 693, Km 5.6, Dorado, Puerto Rico 00646;
3. Isabela Wastewater Treatment Plant, State Road 466 (End), Isabela, Puerto Rico 00662;
4. Camuy Hatillo Wastewater Treatment Plant, State Road 485, Km 3.5, Camuy Hatillo Puerto Rico 00627;
5. Caguas Wastewater Treatment Plant, State Road 796, Km 6.6, Caguas, Puerto Rico 00725;
6. Vega Baja Wastewater Treatment Plant, State Road 686, Km 14.7, Vega Baja, Puerto Rico 00693;
7. Santa Isabel Wastewater Treatment Plant, State Road 588, Km 0.5, Santa Isabel, Puerto Rico

00957;

8. Bayamon Wastewater Treatment Plant, 466 Sabana Seca Ave, Catano, Puerto Rico 00962;
9. Carolina Wastewater Treatment Plant, State Road 187, Km 16.5, Loiza, Puerto Rico 00772

Water Treatment Facilities

1. Guaynabo Water Treatment Plant (Limited to the Sludge Treatment System Only) State Road 833, Km 14.8 Guaynabo, Puerto Rico 00965;
2. Enrique Ortega Water Treatment Plant (Limited to the Sludge Treatment System Only) State Road 827, Km 5.6 Toa Alta, Puerto Rico 00954;
3. Sergio Cuevas Water Treatment Plant (Limited to the Sludge Treatment System Only) State Road 181, Km 30 Trujillo Alto, Puerto Rico 00977;
4. EL Yunque Water Treatment Plant (Limited to the Sludge Treatment System Only) State Road 955, Km 0.3 Rio Grande, Puerto Rico 00745;
5. Canovanas Water Treatment Plant (Limited to the Sludge Treatment System Only) State Road 3, Km 5.6 Canovanas, Puerto Rico 00729;

Combined Sewage/Storm Water Collection Systems

1. Combined Sewage/Storm Water Collection System Located along Ponce de Leon Avenue from the Auxilio Mutuo Hospital (Stop 37 1/2) to the Mercantil Plaza Building (Stop 26) (Violating Facilities)

This grant condition shall remain in effect with respect to each PRASA facility named above so long as that PRASA facility remains on the Excluded Parties List System, which may be accessed at <http://efpls.ernet.gov>.

19. INDIRECT COSTS

If the recipient has submitted an Indirect cost rate proposal to the cognizant Federal agency but does not yet have an approved rate, it must submit a copy to the EPA Regional Office of the final or provisional Indirect Cost Negotiation Agreement that covers the agreement's budget period before it may charge indirect costs against this Assistance Agreement. If the recipient's negotiated rate does not extend through the life of the Assistance Agreement, additional indirect cost rate proposal(s) must be submitted until the full life of the Assistance Agreement is covered by negotiated indirect cost rates. The recipient will not charge nor claim for reimbursement any indirect costs that are not covered by a negotiated indirect cost rate.

Programmatic Conditions

1. EPA-AUTOMATED CLEARINGHOUSE FOR PAYMENT

The Puerto Rico Department of Health (PRDOH) on behalf of the Commonwealth, agrees to accept payment from the United States Environmental Protection Agency (EPA) with funds to be made available from the FY 2010 Drinking Water State Revolving Fund Program pursuant to the Safe Drinking Water Act, as amended, (the Act), in accordance with the below payment schedule established under the Act and will deposit all such payments into the State Revolving Fund (SRF). Payment, cash draw and disbursement are defined and in accordance with 40 CFR Part 35 Subpart L and the Operating Agreement.

As per EPA's publication, EPA 430/09-88-009, dated July 1988, entitled, "Letter of Credit, How is it Used In EPA's State Revolving Fund Program", a payment in the SRF Program is an action by EPA to increase the amount of funds available for cash draw in the Letter of Credit (i.e. the ceiling). Through a payment, the EPA makes funds available to the State up to the amount of the capitalization grant. A payment is not a transfer of cash to the State but only an authorization making funds available for transfer to the State when a cash draw request is submitted. A payment

schedule, indicating the timing and size of the payment or payments to be made will be entered into between EPA and the State. It will be based on the State's projection of binding commitments, the rules for cash draws and the use of the funds.

PAYMENTS WILL BE MADE FROM EPA ACH IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

\$12,758,620	DWSRF FUND (projects)	Payment: SEPTEMBER 2012*
DCN#HE0267	PRC: 201B81E	SITE/PROJECT: 10DA
\$542,920	DWSRF ADMINISTRATION	Payment: OCTOBER 2011*
DCN#HE0267	PRC: 201B81E	SITE/PROJECT: 10DD
\$271,460	DWSRF TECHNICAL	Payment: OCTOBER 2011*
DCN#HE0267	PRC:201B81E	SITE/PROJECT: 10DE

* UPON ACCEPTANCE AND RECEIPT OF THE GRANT AGREEMENT

2. CASH DRAW REQUIREMENTS

PRDOH agrees to the following conditions in accepting this Grant Agreement under the EPA-ACH method of financing:

- (a) Cash draws shall be made only to meet immediate disbursement needs;
- (b) The recipient shall provide timely reporting of cash disbursements and balances as required by the EPA-Automated Clearinghouse Recipient's Manual;
- (c) The recipient shall impose the same standards of timing and reporting on secondary recipients, if any.

Failure on the part of the recipient to comply with the above conditions may cause the undisbursed portions of the EPA-ACH to be revoked, and the payment method under this Agreement to be changed from the Automated Clearinghouse to a reimbursement method of payment.

3. PROGRAM INCOME

In accordance with 40 CFR 31.25(g)(2), the recipient is authorized to add program income generated under this agreement to the funds committed to the grant agreement by EPA and the grantee. This program income shall only be utilized for activities eligible under the agreement and the recipient shall include program income on the financial status report.

4. LOAN FEES

Limitations and allowable uses of fees are set forth in 40 CFR 35.3530(b). In the event that PRDOH and/or the Puerto Rico Infrastructure Financing Authority (PRIFA) elects to charge fees to any loan recipient, PRDOH agrees to submit to EPA, for its approval, the specific structure and method of charging the fee(s) before any fees are charged.

5. GENERAL ADMINISTRATIVE REQUIREMENTS

PRDOH agrees, pursuant to Section 1452 of the Safe Drinking Water Act (SDWA) as amended, the DWSRF Final Guidelines and 40 CFR Part 35 Subpart L, to administer the SRF program in accordance with the terms, agreements, assurances, and representations made within the Operating Agreement, Intended Use Plan, and the application for Federal Assistance dated April 29, 2011 (as revised May 24, 2011). The scope of work for this Grant Agreement shall be the items listed in the application and the PRDOH's 2010 Intended Use Plan dated April 2011.

6. CASH DRAWS/PROPORTIONALITY

The Federal cash draw percentage for the Fund (\$12,758,620) for the FFY 2010 grant is 82.46%. The Federal cash draw percentage for the incurred costs for set-aside activities (DWSRF Administration (\$542,920) and DWSRF Technical (\$271,460) is 100%.

7. STATE MATCH

In accordance with 40 CFR § 35.3550(g), PRDOH shall provide at least 20 percent matching share, or \$2,714,600, of the Federal funds awarded.

8. WORK PLANS

Work plans for each set-aside for which grant assistance is provided, excluding the four percent (4%) set-aside, shall be submitted annually. The work plan contents will follow the Final DWSRF Guidelines, and shall include information regarding the budget for the upcoming Federal fiscal year, funds "banked" for future years, costs incurred to date, and the use of funds carried-forward from previous years. The annual work plans will be submitted by July 1 of each year. Payments may be deferred and cash draws prohibited until the work plans are approved by EPA. A performance status report for each set-aside will be submitted within 90 days after the end of each Federal fiscal year.

9. COMPLIANCE WITH THE MEMORANDUM OF AGREEMENT (MOA) CONCERNING THE CONTINUATION OF THE OFFICE OF THE COMPTROLLER

PRDOH agrees to condition all financial assistance to the Puerto Rico Aqueduct and Sewer Authority (PRASA), utilizing funds directly made available by this Capitalization Grant Agreement, upon the requirement that PRASA adheres to the terms of the February 24, 1998 MOA between PRASA and EPA concerning the continuation of an Office of the Comptroller, or any successor agreement entered pursuant to paragraph III. B. of the MOA.

10. ENVIRONMENTAL RESULTS

In accordance with 40 CFR § 35.3165 or § 35.3570, as applicable, the recipient agrees to provide in its Annual or Biennial Report, or in its Annual Reviews, as applicable, information regarding environmental results in the following areas:

- a. Achievement of the outputs and outcomes established in the Intended Use Plan and set-aside work plans;
- b. The reasons for delays if established outputs or outcomes were not met;
- c. Any additional pertinent information on environmental results;
- d. Compliance with the Green Project Reserve requirement as outlined in the FY 2010 procedures document; and
- e. Compliance with the additional subsidization requirement as described in the FY 2010 procedures document.

11. PAYMENT TO INDIVIDUAL CONSULTANTS

EPA participation in the salary rate (excluding overhead) paid to individual consultants retained by recipients or by a recipient's contractors or subcontractors shall be limited to the maximum daily rate for a Level IV of the Executive Schedule (formerly GS-18), to be adjusted annually. This limit applies to consultation services of designated individuals with specialized skills who are paid at a daily or hourly rate. As of January 1, 2011, the limit is \$596.00 per day and \$74.50 per hour. This rate does not include transportation and subsistence costs for travel performed (the recipient will pay these in accordance with their normal travel reimbursement practices).

Subagreements with firms for services which are awarded using the procurement requirements in 40 CFR 31, as applicable, are not affected by this limitation unless the terms of the contract provide the recipient with responsibility for the selection, direction, and control of the individuals who will be

providing services under the contract at an hourly or daily rate of compensation. See 40 CFR 31.36(j)

12. ADDITIONAL SUBSIDIZATION

The recipient agrees to use funds provided by this grant to provide additional subsidization in the form of principal forgiveness, negative interest rate loans, or grants, in accordance with P.L. 111-88 as follows:

- a. Drinking Water State Revolving Fund capitalization grant recipients agree to use at least 30 percent of the funds provided by this grant to provide additional subsidization in accordance with P.L. 11-88.

Priority for additional subsidies should be given to communities that could not otherwise afford such projects. To further ensure sustainability of projects receiving additional subsidies, these subsidies should be directed to: 1) repair, replacement, and upgrade of infrastructure in existing communities; 2) investigations, studies, or plans that improve the technical, financial and managerial capacity of the assistance recipient to operate, maintain, and replace financed infrastructure; and/or 3) preliminary planning, alternatives assessment and eligible capital projects that reflect the full life cycle costs of infrastructure assets, conservation of natural resources, and alternative approaches to integrate natural or "green" systems into the built environment. The recipient agrees to provide in its Annual Report an explanation as to how they did or did not address this provision.

13. GREEN PROJECT RESERVE

The recipient agrees to make a timely and concerted solicitation for projects that address green infrastructure, water or energy efficiency improvements or other environmentally innovative activities. The recipient agrees to include in its IUP such qualified projects, or 4 components of projects, that total an amount at least equal to 20% of its capitalization grant. If there are not sufficient qualified projects or components already in the IUP that total 20% of the FY2010 funds available, the recipient agrees to conduct additional solicitation, to amend its project list to include any such qualified projects thus identified, and to provide not less than 20% of such FY 2010 funds available to such projects on its amended project list. If there are not sufficient qualified projects or components on the amended project list after such additional solicitation, the recipient may if necessary submit a waiver request to EPA in accordance with the FY 2010 Procedures.

14. WAGE RATE REQUIREMENTS

The recipient agrees to include in all agreements to provide assistance for any construction project carried out in whole or in part with such assistance made available by a drinking water treatment revolving loan fund as authorized by section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j-12), a term and condition requiring compliance with the requirements of section 1450(e) of the Safe Drinking Water Act (42 U.S.C. 300j-9(e)) in all procurement contracts and sub-grants, and require that loan recipients, procurement contractors and sub-grantees include such a term and condition in subcontracts and other lower tiered transactions. All contracts and subcontracts for any construction project carried out in whole or in part with assistance made available as stated herein shall insert in full in any contract in excess of \$2,000 the contract clauses as attached hereto entitled "Wage Rate Requirements Under FY 2010 Appropriations". This term and condition applies to all agreements to provide assistance under the authorities referenced herein, whether in the form of a loan, bond purchase, grant, or any other vehicle to provide financing for a project, where such agreements are executed on or after October 30, 2009 and before October 1, 2010.

15. REPORTING

The recipient of funds for the State Revolving Funds from P.L. 111-88, the FY 2010 Interior and Environment Appropriation, agrees to comply with all requests for data related to the use of the funds under Section 1452 of the Safe Drinking Water Act (SDWA), and to report all uses of the funds no less than quarterly, as EPA specifies for the Drinking Water Project Benefits Reporting database. This reporting shall include but not be limited to data with respect to compliance with the Green Project Reserve and additional subsidization requirements as specified in the FY 2010 Interior and Environment Appropriation and the Conference Report (H. Rpt. 111-316) and as outlined in the FY

2010 Procedures document, and other data as necessary to carry out the authorities cited in this Grant Condition.

16. FOOD AND REFRESHMENTS

Unless the event(s) are specified in the approved workplan, the recipient agrees to obtain prior approval from EPA for the use of grant funds for light refreshments and/or meals served at meetings, conferences, training workshops, and outreach activities (events). The recipient must send requests for approval to the EPA Project Officer and include:

1. An estimated budget and description for the light refreshments, meals, and/or beverages to be served at the event(s);
2. A description of the purpose, agenda, location, length and timing for the event.
3. An estimated number of participants in the event and a description of their roles.

Recipients may address questions about whether costs for light refreshments, and meals for events are allowable to the recipient's EPA Project Officer. However, the Agency Award Official or Grant Management Officer will make final determinations on allowability.

Note: U.S. General Services Administration regulations define light refreshments for morning, afternoon or evening breaks to include, but not be limited to, coffee, tea, milk, juice, soft drinks, donuts, bagels, fruit, pretzels, cookies, chips, or muffins. (41 CFR 301-74.11).

17. SUFFICIENT PROGRESS

EPA may terminate the assistance agreement for failure of the recipient to make sufficient progress so as to reasonably ensure completion of the project within the project period, including any extensions. EPA will measure sufficient progress by examining the performance required under the workplan in conjunction with the milestone schedule, the time remaining for performance within the project period, and/or the availability of funds necessary to complete the project.